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ABSTRACT

The award of no-need or merit scholarships and the effect on college choice are discussed. No-need scholarships are increasingly being used to draw students to the teaching profession, provide financial aid, and to recruit students who are academically and athletically talented. When these awards attract bright students to campuses, they can help improve campus academic reputations. The majority of no-need scholarships are awarded to freshmen. Researchers have observed that costs are important in the initial selection of a college, more for the potential graduate student than the undergraduate. However, obtaining financial aid after the freshman year appears to become a factor in continuing and maximizing satisfaction with one's educational experience. Financial assistance has been shown to be of particular concern to the older student. While no-need scholarships are not the key factor in the decision to matriculate at a particular institution, their availability may become important in the ability to successfully complete college. As students become more financially responsible for their college education, no-need monies will be increasingly important. (SW)

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No-need Scholarships as a Factor in the School Selection Decision

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Abstract

The uses of no-need or merit scholarships are examined as they effect the college selection decision. Financial aid packages are becoming powerful recruitment tools. Both graduate and undergraduate students are choosing institutions in which to enroll due to their personal financial situation as well as institutional characteristics. While need based financial packages remain relevant and show growth, the no-need or merit based scholarships play a significant role in the final school selection decision. This appears to be more significant for the financially independent graduate student.

NO-NEED SCHOLARSHIPS AS A FACTOR IN THE SCHOOL SELECTION DECISION

As the supply of traditional college-age students drops and tuitions increase, colleges are moving to maintain their enrollments. Recruitment efforts are being increased to win the selection by potential consumers of educational services. One tool being used, and hotly-debated, is that of the no-need scholarship. A no-need scholarship is a grant based on criteria other than financial need.

The purposes of the no-need scholarship have been proclaimed as an instrument for outbidding other institutions for students and as a tool for recognizing achievement (Porter & McCollock, 1983). Many institutions and state financial aid programs have looked more closely at the no-need scholarship to attract bright students. Emory University has noted a 15% increase in applicants since improving its merit award program (McGrath, 1983). Trinity University has used merit awards as a marketing tool in building a strong academic reputation (Beimiller, 1984).

Kotlowitz (1986) has suggested that students may choose an inappropriate educational institution for their goals by forcing the school decision to a financial basis via the no-need

scholarship. In developing a model to analyze postsecondary education choices, Swagler (1978) stated that student educational objectives are often unclear, complicated by an inability to reliably evaluate goal attainment. This failure stems from not being able to foresee, pre-purchase, the results of a chosen educational process. When multiple objectives exist, the picture is further complicated for the consumer of educational services.

The purpose of this paper is to examine the current uses of the no-need scholarship as they effect the school selection decision. Which students could benefit from such forms of aid? Does the no-need scholarship become the key factor in the decision to matriculate at a particular institution? Which students are being provided such aid?

An Overview

Historically, scholarships were granted to those with outstanding academic or athletic abilities (Jenny, 1983). Increased governmental support of financial aid in the 1960s swung the financial aid pendulum to focus on need-based awards. Leslie, Johnson, and Carlson (1977) examined the impact of need-based aid on college selection. They noted that financial aid was instrumental in the student's selection of a specific institution.

However, the researchers felt such results raised the question of equality of access for all income levels of students.

Feinburg (1984) noted that four-fifths of financial aid is awarded through programs based on need. This need-based aid emphasis is still supported by the results of a study reported by Lewis (1983). Eighty-four percent of Americans believed qualified students should have a chance to attend college. A majority of those surveyed also believed college was too expensive.

Now the pendulum appears to be moving toward increased support for no-need awards. Twenty-eight states have programs for undergraduates that are non-need based (Wilson, 1986). Trinity University reports ease in soliciting funds for attracting merit scholars (Beimiller, 1984). States are creating such awards to attract students to enter teacher training, especially in the science and math fields (Engelgau, 1985b).

From a study of College Scholastic Service Institutions, Sidar and Potter (1978) reported that no-need awards were being used to improve the quality of the student body in an increasing number of schools. They found the size range of the average award to be between $106 and $1606. This range was lower for public institutions. Although these awards were primarily used to attract brighter students, other criteria for the scholarship included tuition waivers and athletic prowess. In terms of

dollars paid, the largest awards, on average, were made for athletic grants.

Austin and Titchener (1980) noted that students from non-affluent middle class families were particularly attracted by the availability of scholarship dollars. Porter and McCullock (1983) found that institutions gave 90% of no-need awards to freshmen. With the increased attention toward merit scholar recruitment, such students were well aware of their marketability.

Engelgau (1985a) also reported the increase in funds to no-need funds between the '83-84 and '84-85 school years. Although these funds were for both undergraduate and graduate students, graduate access to aid is more restricted. Wilson (1986) noted the same phenomenon for graduate and professional students. In addition, Engelgau (1985b) stated that the size of the award was not keeping pace with an increase in numbers of awards.

It can be seen, therefore, that no-need scholarships are again coming to the forefront of financial aid and recruitment tools. Funds are used to attract academically- and athletically-talented students to particular institutions, to improve campus academic reputations, and to draw students to the teaching profession. Freshmen appear to garner the lion's share of dollars and grants. The question remains, does the no-need

scholarship become the key factor in the decision to matriculate at a particular institution?

Making the Choice

Swagler (1978) states that the best the student can do in making a selection among educational institutions is to gather as much information as possible prior to the final selection. Through search, a student can determine costs of attendance and sources of available financial aid. The student may have to rely on proxies via campus visits or published recruitment materials to evaluate qualities otherwise gathered through experience in attending a particular school.

If students are sufficiently informed as to appropriate questions to ask in gathering school selection information, one could assume satisfaction may be reached. However, the validity of the proxies used for gathering some responses may be weak at best and, therefore, endanger the reliability of decisions based on such information.

In examining the roles involved in selection of a college to attend, Murphy (1981) noted that not only are students as users involved in the college selection choice but so are influencing persons of various roles, the decision maker(s), and the providers of information. When parents had some college background,

students were the final decision makers in choice of institution. Students perceived cost to be the second most important factor in selecting a college after the academic reputation of the campus.

Erdmann (1983) studied potential college students and high school counselors in the northeast and found that reputation of the school ranked high in the decision-making criteria for college selection. Cost was ranked sixth out of eight factors of selection criteria for students. Influencing factors ranking above cost were academic programs, reputation, location, and parent or counselor recommendations.

Tierney (1983) noted that students typically decide between several schools. Schools initially considered are usually similar in costs and prestige characteristics. The researcher suggested that selection decisions are generated long before financial aid becomes a part of the criteria for choice of an institution. Therefore, the researcher concluded that financial aid package enticements are irrelevant in the initial stages of school selection.

In a Carnegie Foundation (1986) study, prospective freshmen indicated that an information gap existed despite recruitment efforts of various institutions. Respondents listed six types of information that would assist in more informed decisions of school selection. Three of the six types of information requested

pertained to the financial costs of attending college and financial aids available.

Contrary to these findings of Tierney (1983) and Erdmann (1983), Olson and King (1984) in analyzing the school selection decision of graduate students found that costs were the fourth highest factor influencing initial consideration of a university for matriculation behind geographic location, personal contact by faculty members, and departmental academic reputation. The ranking of decision components changed when potential graduate students made the ultimate decision to enroll. Continued employment of the student determined ability to enroll if financial award packages were not offered. Within a particular university, it was found that the size of an assistantship stipend and the cost of education were two of the top three selection factors in initially determining within which college to study. Employment within the community at the time of making the enrollment decision made a significant difference in the ultimate decision to enroll.

In a study by Malaney (1984), respondents for two-thirds of the graduate degree programs at a major midwestern university indicated loss of enrollments due to insufficient numbers of assistantship stipends to be offered prospective graduate students. A majority of graduate student respondents in the same

study chose to attend the university due to specific departmental reputations. Of particular interest was that a quarter of those graduate students offered financial aid chose to attend the midwestern institution for financial reasons.

Iovacchini, Hall, and Hengstler (1985) noted that the dollar and time costs of attending an institution of higher education were the biggest situational barrier to the adult student. Employment responsibilities and child care costs further complicated the ability to enroll. Engelgau (1985b) concurred that older students found it difficult to attend college with increasing tuition costs and little eligibility for financial assistance. She further reported that in 1985 only 16% of grant recipients were expected to be over age 25.

Leslie (1984) examined longitudinal changes in amounts financed by college students and in sources of student funding. His research emphasized the importance of considering the composition of the school selection and financial decision-making unit. Net prices of a college education were found to vary depending on whether the family (spouse and student or parents and student) or the student (only) was responsible for paying the direct costs of a degree program. Need-based financial aid programs established by law recognize the family financial responsibility. Leslie also noted that students become more

self-supporting after the freshman year. When costs increase, financially independent students simply cut their expenses and do without goods and services.

Researchers have thus observed costs to be important in the initial selection of an institution of higher education, more for the potential graduate student than the undergraduate. However, obtaining financial aid after the freshman year appears to become a factor in continuing and maximizing satisfaction with one's educational experience. Financial assistance has been shown to be of particular concern to the older student. Obviously, no-need scholarships are not the key factor in the decision to matriculate at a particular institution. However, their availability may become important in the ability to successfully complete the educational process.

Concluding Remarks

No-need scholarships have established a strong hold in recruitment of beginning college students to campuses across the country. Merit awards have had success in attracting bright students to campuses showing promise of being academically challenging and nurturing. The academic reputation that these procedures foster has been shown to be high in priority for potential undergraduates, their parents, and high school

counselors as students begin school selection decisions. Therefore, as no-need awards improve academic reputations, so remuneration becomes a factor in initial and final school selection decisions.

No-need scholarships may reduce net costs. However, due to the average size of awards, such grants would probably have more effect on final selection decisions rather than on the initial selection decision which takes into account schools similar in cost. Availability of no-need monies may become an experience quality desired as the student becomes more financially responsible for his/her college education.

Graduate and professional student access to no-need scholarship monies has been reported to be more restricted than for undergraduate students. Yet graduate costs are typically higher than their undergraduate counterparts. As previously noted, financial considerations for graduate students were more crucial in the decision to enroll. As ceilings of eligibility for need-based aid lower and the tightening of university budgets reduces the availability of assistantship stipends, no-need award availability may play a more important role in school selection and enrollment decisions of competent graduate students. This would be especially true for the financially-independent graduate student.

Although no-need scholarships, due to their average size and limitations, are currently not the key factor in the school selection decision process for all students, the potential exists. Future efforts should examine the structure of the decision-making unit as well as the unique characteristics of students in targeted markets.

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